

Message Text

MRN: 1973BUENOS003756 SEGMENT NUMBER: 000001 ERROR READING TEXT INDEX

FILE; TELEGRAM TEXT FOR THIS SEGMENT IS UNAVAILABLE

ADP000

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PAGE 01 BUENOS 03756 02 OF 02 261428 Z

53

ACTION SS-15

INFO OCT-01 RSC-01 RSR-01 FILE-01 SSO-00 CCO-00 ADP-00

ARA-11 EB-11 COA-02 COME-00 SCEM-02 AGR-20 OPIC-12

XMB-07 TRSE-00 OMB-01 L-03 H-02 NSC-10 PRS-01 INT-08

AID-20 SIL-01 LAB-06 EA-11 PM-07 DODE-00 NEA-10 AF-10

CIEP-02 EUR-25 HEW-08 STR-08 CEA-02 CIAE-00 INR-10

NSAE-00 /229 W

----- 053116

P 261225 Z MAY 73

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 2239

AMEMBASSY LIMA

USMISSION GENEVA

C O N F I D E N T I A L SECTION 2 OF 2 BUENOS AIRES 3756

SECTO 164

MR CASEY ASKED ABOUT WORKER PARTICIPATION - WAS IT A GIMICK?
WHAT WOULD THE REACTION OF THE WORKERS COMMUNITIES BE IF INDUSTRY
WERE NATIONALIZED? MR FOWLER REPLIED THAT EH ANSER WAS THAT THE
GOVERNMENT WAS MOTIVATED BY POLITICS. IT APPROACHED THE ECONOMY
AS A MILITARY OBJECTIVE, FIRST REDUCING ONE STRONG POINT, THEN
ANOTHER. IN THE PROCESS IT WAS PRODUCING PROBLEMS IT COULD NOT
HANDLE. THERE WAS ONLY ONE WAY TO GO IN THIS SITUATION, AND
THAT WAS LEFTWARD.

6. A REPRESENTATIVE OF CERRO DE PASCO COMMENTED THAT, FROM THE
PERSPECTIVE OF HIS 18 YEARS EXPERIENCE IN PERU, HE HAD COME TO
DISCOUNT THE GOVERNMENT' S CONTENTION THAT IT WAS NEITHER COMMUNIST
NOR CAPITALIST. THIS WAS ALL RIGHT AT FIRST, BUT NOW THE GOVERNMENT
IS BEING INCREASINGLY TAKEN OVER BY THOSE TRAINED IN CUBA AND THE
USSR. THE MILITARY HAVE FALLED INTO THE TRAP AND NOW DO NOT KNOW
HOW TO ESCAPE - SOME MAY NOT WANT TO. IN ONE MORE YEAR, WE WILL HAVE

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PAGE 02 BUENOS 03756 02 OF 02 261428 Z

AN ANDEAN CUBA, AND THIS PLUS CHILE WILL MEAN WE HAVE LOST THE ENTIRE WEST COAST OF SOUTH AMERICA.

MR PARETS (CHRYSLER) SAID HE DISAGREED AS TO TIMING. ALTHOUGH IT WOULD COME TO THIS EVENTUALLY, IT MIGHT BE SEVERAL YEARS OFF. IN HIS CASE, AS ONE WHO HAD TO DEAL WITH THE MINISTRY OF INDUSTRY AND COMMERCE, HE COULD ATTEST THAT IT WAS THE LEVEL JUST BELOW THE MINISTER - THE DIRECTORS GENERAL - WHO WERE SEEKING TO CONFUSE. HOWEVER, AT THE MOMENT, THEY WERE TRYING TO WOO THE JAPANESE AND OTHER INTERESTS, INCLUDING THE MONEY MARKET AND THE OIL INDUSTRY - SO IT WOULD NOT DO TO MOVE TOO FAST. HOWEVER, THERE WAS NO QUESTION BUT THAT THE LOWER ECHELONS WERE CREATING DIFFICULTIES IN WORKING WITHIN THE NEW LAW, AND CHRYSLER'S PRIOR CONTRACT WAS NOT BEING RESPECTED.

MR JOHNSON (FNCB) COMMENTED THAT, AFTER ALL, THIS WAS A REVOLUTIONARY GOVERNMENT AND AS SUCH COULD CHANGE THE RULES IN A REVOLUTIONARY FASHION ANY TIME IT WISHED. CONTRACTS AND LAWS WERE THUS WORTHLESS.

7. MR CASEY ASKED ABOUT THE ACTIVITIES OF THE JAPANESE. THE RESPONSE WAS " ALL SORTS OF INDUSTRIES." SEVERAL PRESENT MENTIONED A PRESS REPORT TO THE EFFECT THAT JAPAN WAS ABOUT TO INVEST IN A FOOD FISHING UNDERTAKING WITH THE PERUVIAN GOVERNMENT (EPSEP) TO THE TUNE OF \$327 MILLION. IT WAS GENERALLY AGREED THAT THIS FIGURE WAS EXCESSIVE AND PROBABLY IN ERROR. AN UNUSUAL FEATURE WAS THAT JAPAN WOULD HAVE TWO- THIRDS CONTROL AND EPSEP ONLY A MINORITY INTEREST. IN RESPONSE TO WHETHER THERE WAS MUCH EUROPEAN INVESTMENT, THE ANSWER WAS " NO" WITH THE POSSIBLE EXCEPTION OF SOME IRON CURTAIN INTEREST IN MINING.

MR JOHNSON (FNCB) REMARKED THAT THE PRINCIPAL JAPANESE INVESTMENT WAS NOT EQUITY, BUT RATHER IN THE FORM OF LOANS WITH REPAYMENT IN PRODUCT. ALSO, IF AN INVESTMENT WERE IN THE FORM OF EQUITY WITH GOVERNMENT PARTICIPATION, IT WAS PROBABLY RELATIVELY SAFE. NISSAN, TOYOTA, NATIONAL (SMALL- BATTERY PRODUCTION) WERE THE ONLY JAPANESE EQUITY INVESTMENTS. MR PARETS (CHRYSLER) AGREED, BUT POINTED OUT THAT, IF THE JAPANESE DO AS THEY SAY THEY WILL AND SET UP PLANTS IN TRUJILLO AS A PART OF AN EFFORT TO PRE- EMPT THE AUTOMOTIVE INDUSTRY, IT WILL REPRESENT AN EQUITY INVESTMENT OF \$50 TO 60 MILLION.

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PAGE 03 BUENOS 03756 02 OF 02 261428 Z

8. MR CASEY ASKED IF THERE WERE MUCH NEW FOREIGN EQUITY INVESTMENT. THE ANSWER WAS " NO" WITH THE EXCEPTION OF SOUTHERN PERU COPPER COMPANY IN THE CAUJONY PROJECT. MR JOHNSON CONFIRMED THAT THE REST OF THE FINANCING FOR THIS PROJECT WAS NOT YET SECURED. WITH RESPECT TO BANK

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